



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

MAR 21 2011

OFFICE OF  
SOLID WASTE AND EMERGENCY  
RESPONSE

**MEMORANDUM**

**SUBJECT:** Report to EPA Senior Management on the Activities of the Special Accounts Senior Management Committee in 2010

**FROM:** James E. Woolford, Director  
Office of Superfund Remediation and Technology Innovation

**TO:** Mathy Stanislaus, Assistant Administrator  
Office of Solid Waste and Emergency Response

Cynthia Giles, Assistant Administrator  
Office of Enforcement and Compliance Assurance

Barbara Bennett, Chief Financial Officer  
Office of the Chief Financial Officer

Judith Enck, Regional Administrator  
Region 2

Gwendolyn Keyes Fleming, Regional Administrator  
Region 4

On behalf of the Special Accounts Senior Management Committee (SASMC), I am providing this report on the activities of the SASMC for calendar year 2010 in accordance with the charter establishing the SASMC.<sup>1</sup> This report covers activities of the SASMC from January 1, 2010 through December 31, 2010.

**Background**

The Superfund program is responsible for identifying and cleaning up abandoned hazardous waste sites. As part of EPA's "enforcement first" policy, the Agency pursues responsible parties requiring them to conduct or finance cleanups. Potentially responsible parties (PRPs) may finance cleanups by entering into a settlement with EPA, who then deposits the

<sup>1</sup> The charter establishing the Special Accounts Senior Management Committee can be found at:  
<http://intranet.epa.gov/osrti/topics/pdf/FinalSignedCharterforSFSpecialAccountsSrMgmtCommittee.pdf>



Recycled/Recyclable  
Printed with Soy/Canola Ink on paper that  
contains at least 50% recycled fiber

settlement funds into a special account for use at that site, as permitted under CERCLA section 122(b)(3).

Special accounts are site-specific, interest bearing sub-accounts within the Superfund Trust Fund used to fund site-specific work. The Agency's goal for the establishment and use of special accounts is to ensure responsible parties pay for cleanup by providing PRP settlement dollars to fund future response work. Through the use of special accounts, appropriated Trust Fund resources can be conserved for sites where PRP resources are not available. Multiple offices in the regions and Headquarters have responsibility for the establishment and management of special accounts.

The establishment, planning, and use of special accounts requires extensive coordination among the regions and Headquarters offices. In order to further improve management, transparency, and accountability among the offices involved with special accounts, the SASMC was officially established in April 2009 by the leaders of the Office of Solid Waste and Emergency Response (OSWER), Office of Enforcement and Compliance Assurance (OECA), Office of the Chief Financial Officer (OCFO), Region 7 (Superfund Lead Region), and Region 8 (Management Lead Region).

Members of the SASMC are the Directors for OSWER's Office of Superfund Remediation and Technology Innovation (OSRTI), OECA's Office of Site Remediation Enforcement (OSRE), OCFO's Office of Financial Management (OFM), Office of Budget (OB), and Office of Financial Services (OFS), the Region 2 Emergency and Remedial Response Division, and the Region 4 Office of Policy and Management. The Director of OSRTI serves as the Chair of the Committee.

### **Status of Special Accounts**

At the end of FY 2010, a balance of \$1.8 billion was available in more than 900 site-specific accounts (see Attachment 1). More than \$1.6 billion has been disbursed to finance site response actions and over \$246.5 million has been obligated but not yet disbursed from special accounts. In FY 2010, \$723.3 million in receipts was collected in special accounts, more than double the amount in FY 2009, as a result of the bankruptcy settlement with the American Smelting and Refining Company (ASARCO).

### **Summary of 2010 Activities**

The SASMC is responsible for overall oversight and management of special accounts. In calendar year 2010, the SASMC monitored the status of special accounts and ensured that each member office fulfilled its responsibilities under the Superfund Special Accounts Management Strategy.<sup>2</sup>

The SASMC meetings provide a venue for the senior managers responsible for special account management to meet face-to-face to discuss and resolve issues related to special accounts. The SASMC met on July 8, 2010 and December 15, 2010. Topics that were discussed at these meetings include the placement of proceeds from the ASARCO settlement into special

---

<sup>2</sup> The Superfund Special Accounts Management Strategy was issued January 27, 2009 and can be found at: <http://intranet.epa.gov/osrti/topics/pdf/SAManagementStrategy.pdf>

accounts, **Exemption 5 - Attorney-Client Privilege**

**Exemption 5 - Attorney-Client Privilege** the establishment of special accounts for sites being addressed under Resource Conservation and Recovery Act (RCRA) authorities, and identifying potential impacts to special account resources from the Agency's Financial System Modernization Project (FSMP). OSRTI prepared meeting notes and action items, which were approved by the SASMC members.<sup>3</sup>

#### OIG Reports & GAO Investigation

The OIG released their final report, "Improved Management of Special Accounts Will Make More Funds Available For Clean-Ups", in March 2009. In calendar year 2010, the SASMC closed 2 recommendations. Recommendation 1(a), reporting special account financial and planning information to the public, was closed by including in the FY 2011 EPA Congressional Justification a report on the financial status of special accounts and plans regarding the use of those funds. This report will be included in EPA's annual Congressional Justification. Issuance of the "Guidance on the Planning and Use of Special Accounts" ("Planning and Use Guidance") (September 28, 2010)<sup>4</sup> closed recommendation 1(e), developing guidance on the proper retention of funds for future use. As of December 31, 2010, recommendation 1(f), re-evaluating funds in the Beede Waste Oil, Thermo Chem, and Stringfellow special accounts after issuance of the Planning and Use Guidance, remains open with a corrective action plan to close it by June 30, 2011. The SASMC is monitoring the status of the remaining OIG recommendation.

The OIG also issued their final audit report, "EPA Should Continue Efforts to Reduce Federal Advances and Federal Special Accounts", in March 2010. In response to the recommendations, the SASMC conducted a baseline review of consent decrees and verified that federal special account receipts and expenditures are recorded in the proper fund code. All recommendations in the final audit report were addressed and closed by December 31, 2010.

In October 2010, the Government Accountability Office (GAO) initiated a review of special accounts in response to a request made by Senator Inhofe. The SASMC participated in an entrance conference with GAO, and staff has provided special accounts training and financial and planning data as requested by GAO. GAO has also held conference calls with Regions 2 and 4 to discuss how they manage and use special accounts. The SASMC will continue to respond to requests and assist GAO in their review of EPA's management and use of special accounts.

#### Monitoring Special Accounts

The Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS), the Superfund information management system, was updated in July 2008 to enable regions to enter plans for utilizing the available balance in each special account. CERCLIS was updated in 2010 to enable the monitoring of planned site-specific response actions by fund code and the addition of new planning fields discussed in the Planning and Use

<sup>3</sup> The agenda and meeting materials can be found on OSRTI's Special Account intranet page at: [http://intranet.epa.gov/osrti/topics/special\\_accounts.html](http://intranet.epa.gov/osrti/topics/special_accounts.html)

<sup>4</sup> The "Planning and Use Guidance" issued on September 28, 2010, can be found at: <http://www.epa.gov/compliance/resources/policies/cleanup/superfund/plan-use-specacct.pdf>.

Guidance. OSRTI and OSRE updated the Data Monitoring Plan in November 2010, outlining how Headquarters monitors special account planning and utilization. In accordance with the Data Monitoring Plan, regional work planning and mid-year review sessions were conducted in FY 2010. OSRTI and OSRE have updated the CERCLIS Instruction Guide for Entering Planning Data in the CERCLIS Special Account Management Screen in preparation for each data entry period to improve the quality of planning data entered in CERCLIS and address issues identified in previous data reviews.

The SASMC received analysis and briefings in July and December 2010 on the regions' plans for using special accounts and provided direction to staff for further analysis and monitoring. Areas of focus for Headquarters review included: accounts 10 years old or more, accounts with more than \$10 million available, accounts at construction complete and deleted sites, accounts with zero funds disbursed, as well as specific planning fields such as the "Other" field.<sup>5</sup> Additional discussions and focus in 2011 will be on how to more efficiently manage the almost 700 special accounts with less than \$500,000 available and appropriate long-term planning horizons for the use of special account funds. OSRTI and OSRE will continue to monitor special accounts and brief the SASMC on regional plans for utilizing special accounts.

OCFO's Cincinnati Finance Center (CFC) conducted reviews of special accounts with negative balances and notified regions of corrective actions required to address the negative balances in July and September 2010. CFC will continue to conduct reviews of special accounts with negative balances on a quarterly basis.

#### Reclassifications and Transfers to the Trust Fund

In 2010, OSRTI monitored the accomplishment of reclassifications and transfers to the Trust Fund and found that in FY 2010 the total number of accounts and dollar amounts reclassified and transferred to the Trust Fund, and accounts closed, increased from FY 2009 to FY 2010. In FY 2010, more than \$26 million was reclassified in 41 accounts, and \$2.5 million (receipts only) was transferred to the Trust Fund in 17 accounts. OSRTI and OSRE reviewed 55 final notification memos for special account reclassifications, transfers to the Trust Fund, and closures in FY 2010, and provided to the regional Superfund Division Directors quarterly status reports of their plans and accomplishments for these actions.

OSRTI conducted a review of reclassifications, transfers to the Trust Fund, and account closures that were planned and completed in FY 2009 and FY 2010. While the total number of accounts and dollar amounts reclassified and transferred to the Trust Fund, and accounts closed, increased from FY 2009 to FY 2010, all planned actions were not completed in the fiscal year they were originally planned. In FY 2010, 26% of reclassifications, 35% of transfers to the Trust Fund, and 26% of account closures were moved to FY 2011 as they could not be completed in FY 2010. The SASMC approved actions at their December 2010 meeting designed to improve the process for conducting reclassifications, transfers to the Trust Fund, and account closures.

---

<sup>5</sup> A summary of the analysis conducted can be found on OSRTI's Special Account intranet page under the "Special Accounts Work Planning and Mid-Year Reviews" section at: [http://intranet.epa.gov/osrti/topics/special\\_accounts.html](http://intranet.epa.gov/osrti/topics/special_accounts.html)

The SASMC did not change the policy for recertifying funds made available from special account reclassifications for FY 2011. However, the SASMC did commit to revisit the recertification policy for special account reclassifications in March 2011 for the 2012 fiscal year.

### Reporting Special Account Information Publicly

The SASMC committed to report special account financial and planning information in a public, transparent manner in response to the OIG and congressional requests. Special account financial and planning information was released with the FY 2011 President's Budget and EPA Annual Performance Plan and Congressional Justification in February 2010.<sup>6</sup>

### Communication, Training and Outreach

Staff of the SASMC provided updates and answered questions pertaining to special accounts at the National Special Accounts and Cost Recovery Meeting in May 2010. Bi-monthly national conference calls were held to ensure regional and Headquarters staff coordinated on issues and information was shared among special account contacts.

Staff of the SASMC held conference calls in 2010 on a monthly basis to coordinate and provide transparency among offices on activities related to the management of special accounts.

### Guidance Documents

In 2010, the SASMC developed the following documents to improve special account management:

- Guidance on the Planning and Use of Special Account Funds; and,
- Frequently asked questions on special accounts.

### Upcoming Activities in 2011

In 2011, activities of the SASMC will include:

- Close remaining open corrective action from OIG March 2009 report related to special accounts;
- Respond to GAO requests and questions related to their special account review;
- Monitor accomplishment of planned reclassifications and transfers to the Trust Fund;
- Issue the Superfund Special Accounts Management Strategy for 2011-2012 in February 2011;
- Issue updated Sample Notification Memos for regions to use when notifying Headquarters of establishing special accounts when the agreement is silent on the creation of an account, reclassifications, transfers to the Trust Fund, and account closures;
- Develop a special account reclassification fact sheet;
- Develop a checklist for closing special accounts;
- Update the Financial Management of Special Accounts chapter in OCFO's Resource Management Directive for Superfund;

---

<sup>6</sup> The status of special accounts at the end of FY 2009 can be found on pages 966-967 of the EPA FY 2011 Congressional Justification at: [http://www.epa.gov/ocfo/budget/2011/fy\\_2011\\_congressional\\_justification.pdf](http://www.epa.gov/ocfo/budget/2011/fy_2011_congressional_justification.pdf)

- Discuss the recertification policy for funds made available from special account reclassifications for FY 2012; and,
- Monitor plans for utilizing special account funds.

### **Conclusion**

The establishment of the SASMC has focused the Agency's management of special accounts by opening up lines of communication among all of the Offices that play a critical role in the Agency's management of this important resource. The structure of the SASMC also ensures that senior managers remain focused on this resource and work to ensure efficient and appropriate use of special account funds. We look forward to continuing to work together in 2011 and anticipate more improvements in the Agency's management of special accounts in the future.

If you have any questions or concerns regarding this report, please feel free to contact me at (703) 603-8722 or [woolford.james@epa.gov](mailto:woolford.james@epa.gov), or you may discuss with your office's representative(s) to the SASMC.

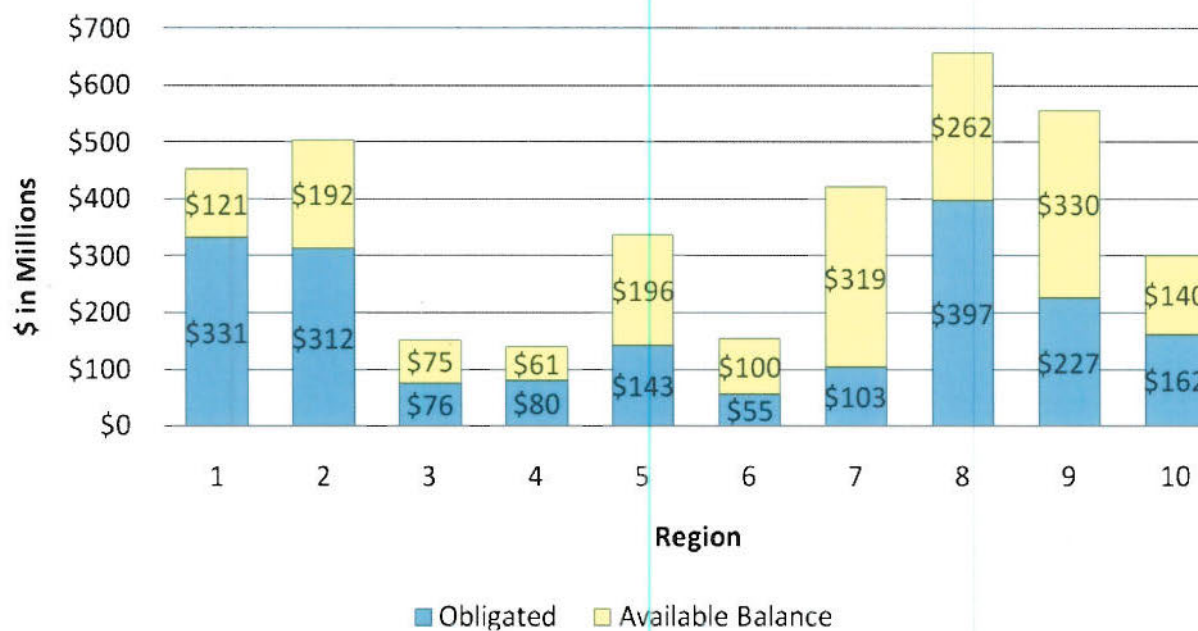
### **Attachment**

cc: Barry Breen, OSWER  
 Lisa Feldt, OSWER  
 Elliott Gilberg, OECA/OSRE  
 Stefan Silzer, OCFO/OFM  
 David Bloom, OCFO/OB  
 Raffael Stein, OCFO/OFS  
 Walter Mugdan, Region 2  
 Michael Peyton, Region 4  
 Renee Wynn, OSWER/OPM  
 Dana Tulis, OSWER/OEM  
 Reggie Cheatham, OSWER/FFRRO  
 Suzanne Rudzinski, OSWER/ORCR

## National Status of Special Accounts

\$ in Millions	Cumulative Through FY 2009	FY 2010	Cumulative to Date
<b>Open and Closed Accounts</b>			1,023
Open	905	75	939
Closed	43	41	84
<b>Financial Status Summary</b>			
Receipts Collected	\$2,592.6	\$723.3	\$3,315.8
Interest Earned	\$372.3	\$6.3	\$378.6
Receipts Transferred to the Trust Fund	\$11.6	\$2.5	\$14.1
Disbursements	\$1,426.2	\$212.2	\$1,638.5
Unliquidated Obligations	\$184.3	\$62.3	\$246.6
Available Balance	\$1,342.7	\$452.5	\$1,795.2
<b>Reclassifications</b>			
FY 2010 Reclassifications Planned	N/A	\$27.9	-
Reclassifications Accomplished	\$105.1	\$26.2	\$131.3
<b>Receipts Transferred to the Trust Fund</b>			
FY 2010 Transfers Planned	N/A	\$4.5	-
Transfers Accomplished	\$11.6	\$2.5	\$14.1

## Regional Special Account Utilization (Program to Date)



Financial data is as of October 1, 2010 from the Financial Data Warehouse.

FY 2010 planning data is as of July 23, 2010 from CERCLIS.

FY 2011 planning data is as of October 19, 2010 from CERCLIS.

### Composition of Special Account Available Balances

Available Balance	No. of Accounts		Sum of Available Balance	
Greater than \$10 Million	33	3%	\$1,101,501,956	61%
Between \$500K and \$10 Million	293	29%	\$605,267,337	34%
Less than \$500K	697	68%	\$88,437,105	5%
<b>Total</b>	<b>1023</b>		<b>\$1,795,206,398</b>	

### Special Accounts with the Most Available (Top 20)

*\$ In Millions*

Reg	Account Number	Account Name	FY Account Open	Receipts & Interest Earned	Total Obligated/ Expended	% Obligated/ Expended	Available Balance	% Planned in CERCLIS
7	07ZY	OMAHA LEAD	2003	\$237.1	\$37.7	16%	\$199.4	Exemption 5 - De Ibrative P
8	08BCRA	LIBBY ASBESTOS SITE	2008	\$246.9	\$116.4	47%	\$130.5	
9	0901	STRINGFELLOW	2001	\$123.6	\$30.8	25%	\$92.8	
9	09CA	MONTROSE PV SHELF	2001	\$85.5	\$23.4	27%	\$62.1	
2	0256	COMBE FILL SOUTH LANDFILL	2006	\$67.2	\$7.3	11%	\$59.9	
5	059B06	ALLIED PAPER, INC./PORTAGE CREEK/KALAMAZOO RIVER	2010	\$49.6	\$0.0	0%	\$49.6	
9	0958	OPERATING INDUSTRIES, INC., LANDFILL	1995	\$67.8	\$25.8	38%	\$42.0	
10	102Q	COEUR D'ALENE BASIN RD/RA	2003	\$54.9	\$18.7	34%	\$36.2	
6	06JW04	TAR CREEK (OTTAWA CO) (OU4)	2010	\$35.2	\$1.6	5%	\$33.6	
10	10F9	CB/NT ASARCO	2001	\$29.9	\$0.0	0%	\$29.9	
9	09M5	SAN GABRIEL VALLEY (AREA 2)	2002	\$30.3	\$0.5	2%	\$29.7	
7	0737	CHEROKEE COUNTY	1997	\$34.0	\$6.2	18%	\$27.8	
2	0201	LIPARI LANDFILL	1994	\$79.4	\$58.1	73%	\$21.3	
2	0284	HUDSON RIVER PCBS	2002	\$93.1	\$72.0	77%	\$21.1	
7	07CR	BIG RIVER MINE TAILINGS/ST. JOE MINERALS CORP.	2005	\$20.4	\$1.0	5%	\$19.5	
1	011T	BEEDE WASTE OIL	2002	\$20.7	\$1.4	7%	\$19.3	
1	01H3	RAYMARK INDUSTRIES, INC.	1997	\$31.8	\$13.2	41%	\$18.6	
9	09J5	NEWMARK GROUND WATER CONTAMINATION	2005	\$19.1	\$2.7	14%	\$16.4	
6	06LP01	EL PASO COUNTY METAL SURVEY	2010	\$15.7	\$0.0	0%	\$15.7	
9	098V	PUENTE VALLEY OU1	1996	\$18.9	\$3.7	20%	\$15.2	
				<b>\$1,361.1</b>	<b>\$420.5</b>	<b>31%</b>	<b>\$940.5</b>	

### Status of FY 2010 Reclassifications

